

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

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R 221849Z MAR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1286

INFO AMEMBASSY MOSCOW

AMCONSUL DUSSELDORF

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E.O. 11652: N/A

TAGS: ETRD, GW, UR

SUBJECT: FRG-USSR NEGOTIATIONS ON KURSK STEEL COMPLEX

REF: MOSCOW 4070

1. ON MARCH 22, FEDERAL GOVERNMENT DEPUTY PRESS SPOKESMAN GRUENEWALD, AT THE REGULAR FRIDAY PRESS CONFERENCE, MADE THE FOLLOWING STATEMENT REGARDING THE JOINT FRG/-USSR KURSK STEEL PROJECT. HE SAID AMONG OTHER THINGS: "THE FEDERAL GOVERNMENT WELCOMES YESTERDAY'S CONCLUSION OF AN AGREEMENT, BY THE PARTICIPATING FIRMS, CONCERNING THE FIRST PHASE OF THE KURSK PROJECT. THE INSINUATIONS CONNECTED TO THIS PROJECT, I.E., THAT THE FEDERAL GOVERNMENT WILL PROMOTE THIS PROJECT WITH TAX MONEY, ARE SHOWN BY THE RESULTS ACHIEVED IN MOSCOW THAT THEY ARE WHAT THE FEDERAL GOVERNMENT HAS ALWAYS DECLARED THEM TO BE, NAMELY INSINUATIONS. THE ENTIRE DISCUSSION (IN THE FEDERAL REPUBLIC) ABOUT INTEREST SUBSIDIES AND BASIC DECISIONS IN CONNECTION WITH THIS PROJECT HAS PROVEN TO BE UNREALISTIC. AS A RESULT OF HIS DISCUSSIONS IN MOSCOW, FEDERAL MINISTER BAHR, IN AN ORAL MESSAGE FROM

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SECRETARY GENERAL BRESHNEV TO FEDERAL CHANCELLOR BRANDT,

TRANSMITTED THE WILLINGNESS ON THE PART OF THE SOVIET SIDE TO PAY FOR THE FIRST PHASE OF THE PROJECT IN CASH. ON FRIDAY LAST WEEK, THIS WILLINGNESS WAS DISCUSSED BY FEDERAL MINISTER BAHR WITH THE GERMAN FIRMS CONCERNED. AFTER THIS DISCUSSION, CHANCELLOR BRANDT EXPRESSED IN WRITING TO SECRETARY GENERAL BRESHNEV HIS SATISFACTION WITH THIS SOLUTION".

2. DR. GRUENEWALD EMPHASIZED IN ADDITION, THAT THE FIRMS CONCERNED WOULD RELEASE A PRESS ANNOUNCEMENT ABOUT THE PROJECT. THE FIRST PHASE, WHICH IS TO BE STARTED IMMEDIATELY, WILL COST ABOUT DM 2.5 BILLION. IN 1976, THE CONSORTIUM OF FIRMS WILL MAKE ARRANGEMENTS CONCERNING THE SECOND PHASE. THIS IS THE LARGEST INDUSTRIAL PROJECT ORDER WHICH THE SOVIET UNION HAS PLACED ABROAD UP TO NOW. DR. GRUENEWALD UNDERLINED REPEATEDLY THAT THE FINANCING OF THE PROJECT WOULD NOT BE MADE WITH TAX MONEY, BUT THAT EVERYTHING WOULD BE PAID IN CASH. HILLENBRAND

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